



*State of California*  
***Employment Training Panel***

*Arnold Schwarzenegger, Governor*

January 16, 2009

James Farmer  
Operations Manager  
Pacific Coast Producers  
650 S. Guild Avenue  
Lodi, CA 95240

Dear Mr. Farmer:

Enclosed is our final audit report relative to the Employment Training Panel Agreement No. ET04-0540 for the period March 1, 2004 through February 28, 2006.

The report indicates Pacific Coast Producers complied with the terms of the Agreement and the California Unemployment Insurance Code. We congratulate you on your excellent 100 percent earned amount for this Agreement.

We appreciate the courtesy and cooperation extended to our auditors during the audit. If you have any questions, please contact Stephen Runkle, Audit Manager, at (916) 327-4758.

Sincerely,

*Original signed by:*

Stephen Runkle  
Audit Manager

Enclosures

cc: Mary Anne Strom, Parker-Strom and Associates

Pacific Coast Producers  
Agreement No. ET04-0540  
Final Audit Report  
For The Period  
March 1, 2004 through February 28, 2006  
Report Published January 16, 2009

Stephen Runkle, Audit Manager  
Telephone: (916) 327-4758

Audit Staff: Lindsay Bowen

Employment Training Panel  
Audit Unit  
1100 J Street FL 4  
Sacramento CA 95814-2827

---

# TABLE OF CONTENTS

---

	<u>Page Number</u>
AUDITOR'S REPORT	
Summary	1
Background	2
Objectives, Scope, and Methodology	2
Conclusion	3

---

# AUDITOR'S REPORT

---

## Summary

We performed an audit of Pacific Coast Producers, Agreement No. ET04-0540, for the period March 1, 2004 through February 28, 2006. Our audit pertained to training costs claimed by the Contractor under this Agreement. Our audit fieldwork was performed during the period July 23, 2007 through July 24, 2007.

The Employment Training Panel (ETP) paid the Contractor a total of \$467,974. Our audit supported that the entire \$467,974 is allowable.

---

## AUDITOR'S REPORT (continued)

---

### Background

Pacific Coast Producers (PCP) was established in 1971, and is a private label food processor and distributor of canned and pre-packaged food products. The company faces major out-of-state and California-based competition.

To maintain a competitive edge, PCP understands it must continue to improve workplace practices, equipment technology, and data systems. Therefore, the company developed a strategy to implement its transition into a high performance workplace. That strategy included reducing product damage and material waste, as well as increasing efficiency in warehouse processes, procedures, and work practices. In order to achieve these objectives, this training project provided for training in Manufacturing Skills and Continuous Improvement.

This Agreement allowed PCP to receive a maximum reimbursement of \$467,974 for training 287 retrainees. During the Agreement term, the Contractor trained and placed 193 retrainees and was reimbursed \$467,974 by ETP.

### Objectives, Scope, and Methodology

We performed our audit in accordance with *Government Auditing Standards*, promulgated by the United States General Accounting Office. We did not audit the financial statements of CTS. Our audit scope was limited to planning and performing audit procedures to obtain reasonable assurance that CTS complied with the terms of the Agreement and the applicable provisions of the California Unemployment Insurance Code.

Accordingly, we reviewed, tested, and analyzed the Contractor's documentation supporting training cost reimbursements. Our audit scope included, but was not limited to, conducting compliance tests to determine whether:

- Trainees were eligible to receive ETP training.
- Trainees received the minimum training hours specified in the Agreement.
- Trainees were employed continuously full-time with a participating employer for 90 consecutive days after completing training, and the 90-day retention period was completed within the Agreement term.
- Trainees were employed in the occupation for which they were trained and earned the minimum wage required at the end of the 90-day retention period.

---

## AUDITOR'S REPORT (continued)

---

- The Contractor's cash receipts agree with ETP cash disbursement records.

As part of our audit, we reviewed and obtained an understanding of the Contractor's management controls as required by *Government Auditing Standards*. The purpose of our review was to determine the nature, timing, and extent of our audit tests of training costs claimed. Our review was limited to the Contractor's procedures for documenting training hours provided and ensuring compliance with all Agreement terms, because it would have been inefficient to evaluate the effectiveness of management controls as a whole.

**Conclusion** Our audit supported PCP complied with the terms of the Agreement and the California Unemployment Insurance Code. As a result, the entire reimbursed amount of \$467,974 is allowable.

**Records** Please note the ETP Agreement, Paragraph 5, requires you to assure ETP or its representative has the right, "...to examine, reproduce, monitor and audit accounting source payroll documents, and all other records, books, papers, documents or other evidence directly related to the performance of this Agreement by the Contractor... This right will terminate no sooner than four (4) years from the date of termination of the Agreement or three (3) years from the date of the last payment from ETP to the Contractor, or the date of resolution of appeals, audits, or litigation, whichever is later."

Stephen Runkle  
Audit Manager

Fieldwork Completion Date: July 24, 2007